

FROM THE DESK OF THE DISTRICT DIRECTOR

With 2005 come changes and opportunities that will benefit, directly and indirectly, Georgia's small business community.

SBA's FY 2005 budget and reauthorization brought several changes to the SBA's loan programs. No longer dependent on subsidy appropriations from Congress, the SBA's 7(a) program can accommodate an additional \$3.5 billion in loan guarantee authority. The program will also be able to operate consistently without program shutdowns or temporary adjustments such as lower loan caps. Here in Georgia, we are looking at ways to encourage greater use of the 7(a) program to assist existing businesses. The SBA's 504 loan program, along with the 7(a) program, had its loan limits increased, creating more opportunities for small businesses to benefit from these programs.



Terri L. Denison

Recognizing that faith-based and community organizations have an important link to new and existing small businesses, the SBA has launched its Faith-Based and Community Initiative. This year, the Georgia District Office will be conducting a series of workshops and program briefings for churches and faith-based organizations around the state. I will be conducting several Economic Development roundtables with local economic development professionals to learn more about the business development climate and issues in various communities around the state as well as provide updates on "The New SBA."

If you have small business events, activities, or initiatives where you think we can play a role, please do not hesitate to contact us. If we can be of assistance, we would love to seize the opportunity. We look forward to a challenging yet exciting year!

SBA's Record Loan Pace Continues in First Quarter '05

Small businesses in Georgia and throughout the nation set a record pace of borrowing to start and expand their companies over the first three months of the current fiscal year, securing backing from the U.S. Small Business Administration on 23 percent more loans than in the same period a year ago.

During the first quarter of FY 2005, which began on Oct. 1, 2004, the SBA, through its private sector lending partners, approved 23,197 loans for \$3.56 billion under its flagship 7(a) guaranteed loan program. This compares to 18,822 loans worth \$3.12 billion in the same period a year earlier, and 13,759 loans worth \$2.24 billion two years ago.

In Georgia, there were 581 loans approved under the 7(a) program in first quarter, a 24 percent increase over 467 loans in first quarter 2004. The latest loans were worth \$111.4 million, down about 3 percent from \$115 million a year ago.

"The heavy demand for SBA backing for guaranteed loans is gratifying," said SBA Administrator Hector V. Barreto. "This tells us that American entrepreneurs are moving with confidence to start new businesses, build their companies, create jobs and grow the American economy."

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SCORE Advisory Board to Develop African-American Membership

Three people from Georgia have been appointed to a national SCORE Advisory Board to develop ideas and strategy for increasing African-American membership at SCORE chapters throughout the country.

The local members are Fred Abood, SCORE's Georgia District Director, Leonard Hays, Atlanta SCORE member, and Dr. Andrew Honeycutt, of Fayetteville, Georgia.

"Greater diversity among the SCORE volunteer counselors is a high priority and strategic goal for the SCORE Association," said Jim Pyles of Elkhart, Indiana, National Board Chairman of the nonprofit organization dedicated to counseling and training small business owners/operators. "We welcome the addition of these Georgians to the African-American Advisory Board."

Board member Abood said one of its new recommendations is for local SCORE chapters to work closely with African-American college fraternities in recruiting alumni members for SCORE membership.

The Board is also calling for the creation of a "SCORE Ambassador Group" who would help connect SCORE chapters with activities in the African-American community. SCORE also plans task forces to help recruit more women and Hispanics into the organization.

For more information on SCORE in metro Atlanta, go to www.scoreatlanta.org.



Women's Business Center Opens in Cobb County

The SBA has funded a new Women's Business Center at the Cobb Microenterprise Center (CMC) at Kennesaw State University. The center will offer a full range of programs for women-owned small businesses. At the opening were, from left, SBA Georgia Director Terri Denison; guest speaker Sara Blakely, founder of "Spanx" women's hosiery products; and Patricia Harris, Executive Director of CMC.

The SBA Looks Back and Ahead for 2005 Achievements

By SBA Regional Administrator Nuby J. Fowler



We had another record breaking year in 2004 for SBA. Thanks to the hard work of our lending and technical assistance partners, as well as a very committed SBA staff, we are accomplishing more than we could have envisioned just a few years ago. SBA truly has become the premier resource for small business assistance in America. Close to 83,000 businesses received SBA backed financing last year, hundreds of thousands of entrepreneurs benefited from millions of hours of counseling and training, and millions in federal contracts that were facilitated by one of the Agency managed procurement programs.

Looking back, I am so proud of what we have achieved over the past three years. We have proven that government can be responsive to the changing needs of our constituency, and our success proves the point. The SBA Southeast Region continues to be one of the top two producing regions in our loan guarantee, entrepreneurial development and procurement programs. In 2004 we led the country in increased 7(a) and micro lending, topping our 2003 output by almost 3,000 loans, a 25.6% increase. We were number two in increased 504 lending, with a jump of 230 loans representing an 18 % increase. We also ranked Number Two in the nation for counseling and training and Number One in procurement matchmaking appointments. Looking ahead, I know you will join me as we renew our focus on expanding the use of SBA programs to an even greater segment of our small business communities.

Region wide, we will build increased lender participation in both the 7(a) and 504 programs. We will be working more closely with our SCORE, Small Business Development Centers and SBA-backed Women's Business Centers to achieve our shared goals. And we will work for greater participation in all our procurement related programs. It is critical that our marketing strategies be directly linked to goal attainment. To achieve this, we and our small business resource partners will have to work smarter than ever before.

Tía María Bakery Expands with SBA 7(a) Loan

Tía María Bakery is a small business established in 1997. Three years later, it used SBA-backed financing to transform itself from just one central location into a more efficient, money-making operation with fresh bread operations in seven Hispanic grocery stores.

The owner, Maria Hall, and her husband, Larry, mix and freeze their Mexican breads and pastries at the main bakery/warehouse in Norcross. These frozen mixes are then sent to what she calls "hot point" outlets where the breads and pastries are baked fresh and sold in grocery stores located throughout metro Atlanta.

Maria is a native of Mexico City while her husband was born and raised in South Carolina. She is a graduate Chemical Engineer from the Universidad Nacional Autonoma de Mexico and Larry is a graduate in Industrial Management from Clemson University.



Ms. Hall with Just-Baked Tía María Bread

They met in Mexico City where they both worked. They later moved to Sao Paulo, Brazil and spent five years there before returning to the United States. During her stay in Brazil, Maria said she started to miss her Mexican style breads. After she and her husband moved back to this country, they decided to make their home in Atlanta since it was not far from

his hometown.

To grow her business, Maria used a \$250,000 loan from BB&T Bank to expand her baking operations so that bread and pastry dough could be prepared and frozen for shipment and sale at her seven "hot point" outlets.

Her small business loan, under the SBA's 7(a) program, was used to buy new commercial freezers, coolers and mixers for the central bakery which was enlarged from 3,000 square feet to 14,000 square feet.

"The loan process went smoothly," noted Maria. "My husband and CPA Grace Williams put together our business plan which we took to our banker prior to getting our loan." When they started the bakery, the Halls had one extra employee. Today, employment has grown to over 20 at the bakery and its outlet sites.

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SBA Loans Continued Record Pace

The loan program set an all-time volume record last year and is well ahead of last year's pace at this point.

The gains are also reflected in the SBA's Certified Development Company, or 504, loan program. Through the first three months of the fiscal year, the 504 program had issued 1,780 loans worth \$882.9 million, about 13 percent ahead of the same period a year ago.

There were 47 loans approved under the 504 program in Georgia for first quarter 2005, a gain of 46 percent from 32 loans a year ago. The latest loans are worth \$27.3 million, an increase of 57 percent from first quarter a year ago.

The 504 Loan Program provides long-term, fixed rate financing for fixed assets such as land, buildings or equipment.

The maximum dollar amount for a 504 Loan is \$1.5 million, but a new regulation approved in December allows up to \$4 million for a 504 loan to a small manufacturer.

Additionally, the maximum government loan guarantee on 7(a) Loans increased from \$1 million to \$1.5 million while the maximum loan amount remains \$2 million. The ceiling on the popular SBA Express Loans was also raised to \$350,000 with a 50 percent SBA guarantee.

SBDC Providing New Assistance For SBA Community Express Loans

The Small Business Development Center (SBDC) system in Georgia has been named a technical assistance provider for persons interested in obtaining an SBA Community Express Loan for their small business.

The 20 SBDC offices in the state will be able to provide technical assistance to borrowers who are seeking a Community Express Loan through Business Loan Express (BLX), announced Terri Denison, SBA Georgia District Director.

The program specifies that borrowers must receive pre- and post-loan closing technical and management assistance from non-profit providers and/or from participating lenders.

Community Express is a pilot SBA loan program that was developed in 1999 in collaboration with the National Community Reinvestment Coalition (NCRC) and its member organizations. The maximum loan amount is \$250,000 under the program which allows revolving loans up to 7 years.

The program is offered to pre-designated geographic areas serving mostly low and moderate income areas. Lenders are not required to take collateral for loans under \$25,000. For more information, please call the SBA at 404/331-0100, ext. 215.



Denison Appears on "Joy in our Town" TV Program

SBA District Director Terri Denison, at left, was a recent guest on the Trinity Broadcasting program, "Joy in our Town." Denison explained various agency programs, including the new Faith Based Initiative, on the program which was seen in metro Atlanta. Host Rachel Miller welcomes Ms. Denison to the community affairs show.

SBA's "Expo 2005" Will Showcase Nation's Small Business on April 26-28

The U.S. Small Business Administration will hold its "Expo 2005" on April 26-28 in Washington, D.C., to honor American's small businesses.

Business owners, business organizations and other individuals can register for *SBA Expo '05* events online at www.sba.gov/expo. Additional information on *SBA Expo '05* events is available on the SBA's conference Web site, and this will be updated regularly. Registrants who complete the process by March 24, 2005, will be given an "early bird" registration discount. March 24th is also the deadline for the conference hotel room rate at the Washington Hilton.

"The SBA Expo is a dynamic three-day event that brings together small business owners, corporations, trade associations and community leaders to celebrate the growth of small business nationwide," said Georgia District Director Terri Denison.

The Expo will feature special luncheons honoring the 2005 National Small Business Person of the Year and other SBA national awards including the Woman Small Business Owner of the Year. To contact the Hilton, call 1-202-483-3000.

Improved HUBZone Program Will Help Create Jobs

The U.S. Small Business Administration is changing its Historically Underutilized Business (HUBZone) program to help small businesses create more jobs in economically distressed communities.

"These pivotal changes to the HUBZone program expand its reach dramatically and will create more jobs and economic growth in economically depressed areas for small businesses, and stimulate growth in the nation's economy," said Administrator Hector V. Barreto.

Under recent legislation, a small business applying for HUBZone certification no longer needs to be owned and controlled exclusively by U.S. citizens. Now, the level of required ownership by U.S. citizens is 51 percent. Also, agricultural cooperatives have joined community development corporations and Indian tribes as entities that can participate in the HUBZone Program.

Tribally-owned small businesses also have new options regarding the HUBZone employment requirement, one of four basic eligibility criteria. A tribal business can choose to meet the 35 percent residency at the time of application or wait until the firm actually receives a HUBZone contract. If this latter option is chosen, the business will be required to ensure that 35 percent of those working on the contract reside in a reservation area controlled by the tribe, or an adjoining HUBZone.

Another change permits a rural county to qualify for HUBZone status if its local unemployment rate is high relative to either the state's annualized unemployment rate or the national unemployment rate. Previously, the only comparison was permitted against the state level.

Finally, small businesses that either were terminated or are facing imminent termination from the HUBZone Program because the areas where the firms are located are no longer considered to be economically distressed will retain the ability to participate in the HUBZone Program until the results of the next census data collection, scheduled for 2010, is analyzed and released to the public.

The HUBZone program was created in 1997 by legislation passed by Congress and has more than 11,000 participants.

SBA/EX-IM Bank Join in Export Loan Guarantees

America's small business exporters are obtaining larger working capital loans under a new agreement between the SBA and the Export-Import Bank of the United States.

The joint venture enables Ex-Im Bank to co-guarantee working capital loans of up to \$2 million per exporter under the SBA's Export Working Capital Program. The Ex-Im Bank's co-guarantee supplements the SBA's guarantee on loans up to \$2 million. Borrowers are still able to work through their existing SBA bank or other lender.

Caricap Inc. in Coral Gables, Florida exports pipe and fittings and recently obtained a \$2 million revolving working capital loan supported by an SBA/Ex-Im Bank co-guarantee to the bank lender.